THE DEWAN-PRESIDENT'S STATEMENT.

DEWAN PRESIDENT :

Fellow-Members of the Travancore Legislature.

Under the provisions of Rule 68, Sub-Rule 4, as President, I propose to make a statement on the document which has now been placed before you. In the first place let me take this opportunity to congratulate the Financial Secretary to Government on the comprehensiveness and the lucidity that have marked the presentation of the figures of revenue and of expenditure. Let me specially congratulate him on the efforts made by him, which I account to be highly successful, to give a bird's eye view of the position of the State and its possibilities and potentialities from the financial point of view. In the discussion of the financial statement, in the elucidation of the Budget of the State, certain aspects have to be borne in mind, which I shall, with your leave, place before you in as succinct a form as possible.

Let me, to start with, associate myself with the remarks which fell from the Financial Secretary to Government in regard to the hopes that he expressed, and the confident expectation which was visible in his speech as to the likely permanence of the peace and the contentment of the State at the present moment. It has not been achieved without difficulty, and let us hope it will not be disturbed again to the detriment of the progress of the State.

In dealing with the financial statement, certain outstanding features should not be lost sight of. Firstly, this country possesses a total area of just under 8000 Sq. miles of which, between a fourth and a third are occupied by backwaters and hills. What does that mean? It means that in an area of about 6000 Sq. miles—perhaps a little less—there is a population of $5\frac{1}{4}$ millions according to the last census and it is now anticipated to be about 6 millions in the forthcoming census. Six million people are thus existing, working and trying to mak a livelihood in an area of 6000 Sq. miles. That is a population the density of which is perhaps the highest in Asia excepting Java. It is this predominating factor which has to be borne in mind by every one who is concerned with the political or the financial administration of the State. It must also not be forgotten that the revenues of the State as well as the population of the State give it a rank among Indian States, next only to Hyderabad and Mysore and in the matter of general enlightenment and education this State yields to no part of India. In the matter of actual and potential revenue, there is no other State which has relatively larger possibilities because, as I shall endeavour presently to indicate, with the proper husbanding of our resources and proper expansion of our nation-building services, it may be confidently asserted that in the course of the next decade, our revenues without additional taxation, can and will reach the 3 crores limit.

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Now, having said that, there is one other compelling factor which must not be forgotten, and that is, that we have to buy our food. It is possible and I hope it will be our definite programme to increase the area of cultivation. This, however, does not amount to much in view of the lie of the land ; but what we do not have in extension we must create in intensity. Intensive cultivation and the creation of new sources of food supply, like the soya bean which can be grown without difficulty and which serves agricultural as well as industrial needs—these are some of the urgent problems before us. We are not able to grow all these cereals and other food products which will keep us alive. We are today under the obligation to import rice from Burma or Siam, or other localities. Therefore, it must ever be borne in mind by those interested in the State and in the development of the State, that the commerce of the State, the industries of the State, and the activities of the State must be so directed, regimented,consolidated and organised that we might get enough by way of surplus to buy our food supplies. That is the reason why we want an active policy of industrialisation, and of a new education adapted to that industrialisation, in order to survive in the struggle for existence.

I have made special reference to this feature because, without complete co-operation between the Government and the people, without an one-pointed determination literally to make two blades of grass grow where one grew before, without a definite resolve to improve our industrial possibilities and intensify our agricultural production, we shall be in a very difficult state.

In the domain of agriculture there are one or two matters which are exercising the minds of everyone in Travancore. One is the cocoanut problem. This is a matter of life and death to Travancore as it is to our neighbouring State and some of the nearby districts. We believe cocoanut has been dumped here from Ceylon to the prejudice of Indian produce. That has affected to a large extent the main industry of the State. The sooner this problem is dealt with, with large-heartedness and wide vision, with the underlying idea of augmenting Indian resources and for making India self-sufficient in this matter, and the sooner such policy is taken on hand by those responsible for the formulation and the carrying on of that policy into effect, the better will it be. The alternative is very dismal to contemplate. Therefore, it is hoped that the representations that this Government and the Government of the neighbouring State, and the Malabar District of the Madras Presidency are making to the Government of India, will fall on responsive ears and that we shall have some alleviation of our troubles. Practically, the cocoanut industry and the coir industry are the two fundamental pivotal industries of the State. It must be realised by those who are charged with the responsibility of deciding the question, that there is a difference between the industries as conducted here and those conducted elsewhere. Elsewhere, the production of cocoanut and cocoanut products is largely on a plantation basis.

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Wealthy financiers and commercial magnates owning about one or two thousand acres or even larger areas, densely planted and carefully looked after, are easily able to produce and market their products under advantageous and competitive conditions, with that lavish advertisement which with the resources at their disposal they alone can afford, whereas in Travancore, production of cocoanut is intrinsically and solely, a cottage industry. Each poor man, with his backyard or field of half an acre or an acre, owns a few trees and out of the proceeds of these he expects to fill the gap of livelihood between necessity and starvation. It is therefore impossible for him adequately to advertise his goods; it is impossible for him, speaking practically, to mark or grade his goods and it is impossible to keep up all those high standards which people in a more fortunate situation are able to adopt. The handicap, the natural hardships of fragmented holdings and labour working on the margin of starvation, must also attract the attention and engage the careful consideration of the authorities, who will, I trust, deal with this matter in a spirit of all-India patriotism.

In this connection, I am able to give you some good news. I am glad to be able to tell you that, quite recently, the Canadian Government, from whose markets our coir produce were practically shut out on account of high tariff walls, have amended to our advantage the tariff rules with the result that we are now in a better position to capture that market. That is a part of the general scheme of Empire preference which, I trust, will enure to our advantage.

I have spoken of the necessity of producing our own food. There is one matter which should engage the attention of every one in this State and that is the importance of the quality of the food we eat. In the country-side, tapioca is the main and has almost become the exclusive diet of the poorer classes apart from a thin gruel or *conjee* and a stray jack or banana. A more innutritious product does not seem to have been invented by Nature and it is responsible for the peasantry's lack of resistance to disease and comparative inefficiency. The remedy is very clear and easy, if only it will be pursued, by the people and the Government agents, with a will. This country produces almost one-fifth of the total quantity of fish caught in the whole of India. What is taking place today in this State is that the fish is consumed only in the coastal areas, and a large portion of it is left to rot and waste. If there could be brought about a wise scheme of transport for the purpose of taking the fish, properly refrigerated, from the coast to the interior, and if in the interior those people who are not vegetarians (and they count more than four-fifths of the population of the State) could be given this nutritious food at a cheap rate, that would make all the difference between health and ill-health, efficiency and inefficiency. It was with that desire that the cold storage scheme was inaugurated in Trivandrum. At once began the cry of "deliberate starvation of fishermen". Propagandists went to the fishermen, went from house to house, and told them "Here is a scheme which will result in your elimination. The Government are out to make illicit gains at your

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expense." The result of such poisonous propaganda was that a very important and nation-building programme was delayed. The amateur politicians who were responsible for that propaganda ought to be ashamed of that propaganda, because they have delayed a vital scheme, by their short-sightedness by pursuing a short-sighted and idiotically destructive policy of blindly striking at Government. Government do not want to make a profit out of it; and if private enterprise will initiate such a system and will buy the fish up and send it cheaply and well-preserved to the interior parts, then the problem would be solved; not entirely of course, but to some extent. Surely, in such a matter, there is the possibility for complete co-operation between the Government and the people. I trust such co-operation will be forthcoming.

Another matter which most attracts the attention of visitors to this State is this. In certain seasons, the jack fruit is practically thrown to waste and you can see ripe jack fruits rotting on the road. The pine-apple, which is better in quality here than pine-apple almost anywhere else, is being allowed to waste, whereas in England today, if you want to buy pine-apple, you will have to pay like 50 to 100 times the price at which it can be purchased in Travancore according to the season. If a proper organisation is started for the purpose of establishing a canning industry, and for the export of our fruits, that will greatly advance the prosperity of our country.

Last year, speaking from my place as President, I indicated the policy of Government with regard to Trade Agency. I invited the Chambers of Commerce to take up that work so that the money paid to the Agents may be given to them as the representatives and protagonists of the commerce of this State, so that they might carry on the advertisement of our trade and do proper propaganda in relation to our products and manufactures. I trust that the commercial and industrial interests who are functioning in this State will come together and take all those responsibilities from Government in regard to the advertisement of the products of this country and propaganda work. That surely is a matter for non-official enthusiasm and conjoint effort. That surely is not the task of Government nor is any great result to be expected from what may be called the "red tape or *mamool*" routine of Government.

I may mention, in this connection, that in most countries in Europe, they largely augment their national incomes from what they call tourism the income derived from tourists. With a view to augment our income from that source arrangements are being made with Messrs. Thos Cook & Son, the biggest travel and transport agents in Europe, to act as our agents in London, Paris, Berlin, Colombo, New York, Singapore and Bombay. They will open what may be called a Travancore Section in London and in the other places mentioned. In addition to that they will keep select stocks of our natural and commercial products in those cities, for inspection. In addition to the work of that

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organization, I trust the non-official agents of this State will so co-operate as to make it possible for us to derive a handsome income. Moreover, on a purely commercial and commission basis, Messrs. Thos Cook & Son will be paid a percentage of our net profit from the tourists who visit this State. As a matter of fact, arrangements are already in progress for the coming into Travancore of a large body of tourists. Those tourists in some of the luxury liners of Europe and America have till now been avoding Travancore for want of necessary facilities. We can expect from 400 to 500 tourists annually from 1940 onwards. But then what happens? That is a matter which again deserves the most anxious and careful consideration. A tourist comes here and he wants to purchase what may be called the characteristic goods of Travancore. Where is there that non-official organisation for the purpose of propaganda in regard to that matter? That is a question which the non-official public of Travancore will have to deal with. To expect Government to do that is to expect the impossible. Government, as they are constituted, the Heads of departments, Secretaries to Government, Assistant Secretaries, Superintendents and clerks may be very good in disposing of files; but in commercial matters, the flair for advertisement and the instinct for salesmanship are obviously and notably deficient in them. It is not the duty of Government but it is the public's duty to attend to propaganda work.

One more observation I have to make on the general budget. You will have seen on more than one occasion reference being made to what are called Government balances. There are two methods of financing productive and non-productive public schemes. One method is to adopt the maxim of posterity paying for what benefit posterity. The other is for us of the present generation to handle those works ourselves and pay for them ourselves. An over cautious—I do not want to characterise it differently—an over-cautious policy in the past has tended to this result, that to-day Travancore has got a tiny public debt of Rs. 50 lakhs whereas she has paid and is continuing to pay out of her income and her resources for the financing of the schemes, productive and non-productive, to the extent of 4 crores. Now surely, the water supply of Alleppey, the water supply of Shencottah or of Nagercoil, the re-making of a road on a quasi-permanent basis, the Pallivasal Hydro-Electric Scheme, the clay refining factory—all these things are ventures and enterprises which will benefit the country, not for the next two or three years but for the next 25 or 30 or 50 years. It stands to reason that those Governments which are embarking on projects of that kind should embark on those projects on borrowed capital, borrowing money from the public at as easy a rate as possible and providing for adequate sinking funds and distribute the repayment of the amounts so borrowed over a period of 20, 30, 40 or 50 years. That is the policy adopted everywhere else. We have, on the other hand, tried to finance all those projects practically out of our savings and out of our fluid and present resources. If I may so, that policy is not one which need be adhered to. It may be seen in this connection that in order not to make a

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violent departure from that policy, we have maintained the old plan in regard to the financing of our non-productive and our productive schemes for next year, that is, to the extent of Rs. 54 lakhs, from our savings and our income. I did not want to adopt any other plan because I did not desire to do so without these two Houses being fully acquainted with and the country fully conscious of the necessity to adopt a change of programme. In future, therefore, it will be the object and the aim of Government to finance these, what may be called, long-term enterprises by loans and not by trespassing upon savings or upon the revenue. Let me give you an instance. If we take the programme of capital works, at page 19 of the volume which is before us we find that next near we are spending Rs. 24·5 lakhs upon water supply schemes, drainage schemes, town planning schemes, military works and miscellaneous items. Obviously these are schemes which are of a permanent character and to finance these schemes posterity who will benefit by them as much as we do and in fact progressively more than we do, will have to pay. That amount of Rs. 24·5 lakhs should not, normally and according to the canons of modern finance, come out of our Savings or out of our revenues. But we are going to do so next year, because I did not desire to make a violent departure from the past practice. Let me take the instance of productive schemes:—

Pallivasal Hydro-Electric Project	Rs.	20·00	lakhs.
Ceramic Factory	,,	·50	,,
Commercial Transport	,,	1·75	,,
Telephone Schemes	,,	3·00	,,
Other Electric Schemes	,,	2·50	,,
Loan to the Cochin Harbour	,,	2·00	,,

The same remarks apply to these. Therefore when you hear or read in this volume about what may be called decrease of Government balances, such decrease of Government balances, is entirely imaginary and easily preventable. The decrease of Government balances is due to this policy which I have tried to expound. What have we got in return for that? We have got capital works of a productive and protective nature of the value of Rs. 4 crores which will benefit this country not only now but for a long series of years. I am making these remarks in order that people may not run away with the idea that there has been some kind of hanky-panky or extravagant treatment with regard to Government finance. It is nothing more nor less than the adoption of a particular financial theory unsuited to present day conditions. According to the canons of the immediate past, productive and protective works which ought normally to be met by loan have been constructed out of our savings and out of our resources, a policy which makes our balances small nominally. But, when we remember that we can go to the money market with these assets at our back the raising of Rs. 2 crores at very favourable rates will be an easy proposition. Fortunately we are not obliged to make

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any such excursions into the money market. In the course of the next year or two at the utmost we shall require only about Rs. 50 lakhs. The proper time will be chosen and when national or international tension is not so keen as at present I am sure that we shall get the best possible results. That our finances have been carefully husbanded by the Financial Secretary I might tell you by giving you an example. Recently the Government of India floated a loan and they substituted one variety of security by another. By promptly converting Rs. 33 lakhs of the old into the new Government of India loan we got a net profit of Rs. 79,000 out of it. That is chronicled in the Financial Secretary's note and I must congratulate the Financial Secretary and his department on the promptitude and the financial vision with which that transaction was conducted.

There is another matter which I desire to emphasise and emphasise very strongly. It must be remembered that the bulk of the income of the State is derived from indirect taxation. This is not often realised. 18 per cent. of the income is dervied from customs and match excise and another 18 per cent. from other excises and about 9 to 10 per cent. from salt. What does that mean? About half our total income is derived from what may be called central or federal sources of revenue. This is an aspect which has to be very carefully borne in mind in the discussions which may take place in the immediate future. It must be remembered that, in this respect, Travancore differs from almost every Province excepting Madras and Bombay and notoriously differs from the Punjab, the United Provinces, the Central Provinces, Assam, and Behar and also differs in this respect from almost every other State excepting the few maritime States which have not already entered into special arrangements with the Government of India.

Land Revenue yields to us less than Rs 40 lakhs; it represents, 15 per cent. of the total revenues of the State, whereas land revenue is the backbone of provincial finance generally speaking. Income Tax brings us about Rs 10 lakhs and the aggregate of the two taxes *i. e.* about 50 lakhs is all the direct tax that the people of the State are paying. In other words, a population of 5¼ millions is paying by way of direct taxation a total of Rs 50 lakhs; the bulk of our revenue, over two crores is derived from indirect taxation.

It will be seen from the figures that I have quoted that the incidence of Land Tax in the State is 10 annas per head per annum; surely that is one of the smallest items of direct taxation in the world.

Now, the elasticity of our revenue is another matter which should not be forgotten. Let me tell you exactly what we have done recently.

Remissions.

The following remissions were granted from 1112 onwards:—

In 1112 a seasonal remission of tax allowed to the Southern taluk came to Rs. 12,280. In 1113 there was a remission of tax including water cess and irrigation assessment in the Southern taluks for the

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